



To: State Human Service Administrators
From: Elaine Ryan, Director, Government Affairs
Re: ***HOUSE PASSES FARM BILL; SENATE VOTE SET FOR WEDNESDAY***
Date: May 7, 2002

On May 2, the full House passed the farm bill by a vote of 280 to 141. The measure (H.R. 2646) was approved by the bill's conferees on April 26 and contains every significant Food Stamp Program (FSP) simplification provision supported by the states, with the exception of extending eligibility periods until reviewed by the state. Provisions passed include simplified and conformed definitions of income and resources; simplified determinations of utility costs, housing costs, and deductions; a state option to reduce reporting requirements; elimination of the cost neutrality requirement for electronic benefit transfer systems; a five-month transitional benefit for those leaving TANF; and a more flexible employment and training program. H.R. 2646 also has a straightforward provision for restoring eligibility to legal immigrants, covering those who have lived in the U.S. for five years or more and children, refugees, and most disabled persons.

The quality control (QC) system also has some significant improvements, including a higher tolerance level (105% of the national average); a one-year grace period before states must begin paying sanctions; and a 95% confidence level test that error rate calculations must meet to be considered valid. States whose error rate exceeds the tolerance for two consecutive years will have a liability of 10% of the cost of errors above 6%. USDA may waive all or part of the sanction through a reinvestment plan and/or may require a set-aside of part of the sanction to be recovered if the state remains above the tolerance in the third year. Together, the changes should substantially lower the number of states subject to sanction each year. A new bonus incentive system, effective for fiscal year (FY) 2003, replaces the current enhanced funding payments with payments for high performance in reducing errors and improving service delivery. USDA is to work with states to develop specific bonus categories and criteria. The Senate is scheduled to debate the bill for six hours today followed by six more hours of debate and a vote on Wednesday. President Bush issued a statement on May 2 that he would sign the bill. The bill text and the conferees' report are available on the House Agriculture Committee web site at <http://agriculture.house.gov/fbconfrpt.htm>.

Although the margin of passage in the House was comfortable, Rep. Ron Kind (D-Wis.) had earlier introduced a motion to send the bill back to the conference committee. Kind and others criticized the overall bill for its treatment of farm price supports and conservation policy. The Kind motion was defeated 251-172. There will also be dissension in the Senate; several Senators have already announced their opposition. ***To assure another comfortable vote margin, it is important that you contact your Senate delegation now and urge them to pass this important legislation.***

In you contacts, you may wish to recap the major benefits states will receive when the farm bill passes:

- The bill contains many significant simplification provisions supported by the states. These provisions will go far toward lightening the administrative load on states and making the program more understandable and accessible.
- The bill's important improvements in quality control, plus its provisions for a bonus incentive system, will begin to move the program's measurement system away from the present exclusive and detailed focus on payment accuracy.
- The bill's benefit changes, such as its straightforward policy toward legal immigrants and its new supports for working families, will help secure benefits for vulnerable groups and cut red tape in the eligibility determination process.

We are close to securing passage of this major victory for states in our efforts to simplify and improve the Food Stamp Program. Again, please contact your Senators at once and urge them to vote in favor of this legislation. If you have any questions, please contact me, Larry Goolsby, or Desmond Brown at (202) 682-0100.